

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Competitive Product Price Changes
Rates of General Applicability

Docket No. CP2020-249

PUBLIC REPRESENTATIVE COMMENTS ON
POSTAL SERVICE NOTICE OF TIME-LIMITED CHANGES IN RATES
OF GENERAL APPLICABILITY FOR COMPETITIVE PRODUCTS

(August 31, 2020)

The Public Representative hereby provides comments in this docket which was established to consider a Postal Service Notice of Time-Limited Changes in Rates of General Applicability for Competitive Products.¹ The Notice states that specifically, the Postal Service will be increasing prices for certain domestic commercial competitive products, namely, Priority Mail Express, Priority Mail, First-Class Package Service, Parcel Select, and Parcel Return Service. No price changes are being made to retail offerings, USPS retail Ground, Special services, or International competitive products. The new prices will take effect on October 18, 2020 and will roll back to current levels on December 27, 2020. Notice at 1.

The Postal Service, in its Notice, states that this is the first time-limited competitive price change that the Postal Service has brought and the Commission's rules do not explicitly contemplate its exact contours. Notice at 2. It is further stated that the most closely applicable rule for evaluating the change is Rule 3035.102, as a time-limited increase is in most respects identical to the general increases the Postal

¹ USPS Notice of Time-Limited Changes in Rates of General Applicability for Competitive Products, August 14, 2020 (Notice).

Service has brought under the rule. *Id.* Such time-limited increases, including holiday surcharges, are not uncommon to the parcel shipping industry.²

The Postal Service's Notice includes the Governors' Decision establishing the changes, including a statement of explanation and justification, and certification of the vote. Attached to the Governors' Decision is a schedule showing the new prices incorporated into a draft of the revisions to the Competitive Products section of the Mail Classification Schedule. Also attached is a schedule showing current prices that will be restored effective December 27, 2020. Table 1-1 below, based on the Commission's Notice in this docket, shows these proposed price changes:

Table I-1
Proposed Price Changes

Product Name	Average Price Increase (percent)
Domestic Competitive Products	
Priority Mail Express	0.7
Retail	0.0
Commercial Base	4.4
Commercial Plus	4.4
Priority Mail	1.7
Retail	0.0
Commercial Base	4.2
Commercial Plus	3.9
Parcel Select (non-Lightweight)	5.9
Destination Delivery Unit	6.8
Destination Sectional Center Facility	8.0
Destination Network Distribution Center	5.6

² Paul Ziobro, "FedEx Adds Peak Season Fees on Shipments During Holiday Season", Wall Street Journal, August 18, 2020. See also, Deborah Abrams Kaplan, "UPS and FedEx surcharges are here to stay. How do shippers negotiate prices?" SupplyChainDive, July 27, 2020.

Parcel Select Lightweight	12.0
Parcel Select Ground	3.0
Parcel Return Service	3.3
Return Sectional Center Facility	1.9
Return Delivery Unit	4.7
First-Class Package Service	5.6
Retail	0.0
Commercial	7.0

Source: See Governors' Decision No. 20-3 at 2-3.

COMMENTS

The Public Representative has reviewed the Postal Service's Notice, the Statement of Supporting Justification, as well as the financial data filed under seal with the Postal Service's Notice. Based upon that review, the Public Representative concludes that the Postal Service's proposed Competitive prices should generate sufficient revenues to satisfy 39 U.S.C. § 3633(a).

Requirements of 39 U.S.C. § 3633. Pursuant to 39 U.S.C. § 3633(a), the Postal Service's competitive prices must not result in the subsidization of competitive products by market dominant products; ensure that each competitive product will cover its attributable costs; and, ensure that all competitive products collectively contribute an appropriate share of the institutional costs of the Postal Service. Based upon a review of the Postal Service Notice, and the accompanying financial data, the newly proposed temporary Competitive prices appear to be projected to generate sufficient revenues so as not to result in the subsidization of Competitive products. In addition, the newly proposed prices will enable Competitive products as a whole to contribute in excess of

the minimum of 9.1% of the Postal Service's Institutional Costs as mandated by 39 C.F.R. 3035.107(c).

The Public Representative respectfully submits the foregoing comments for the Commission's consideration.

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